

Message Text

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70

ACTION EUR-12

INFO OCT-01 EA-09 ISO-00 ERDA-07 AID-05 CEA-01 CIAE-00

CIEP-02 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-15

SAM-01 OES-05 SP-02 SS-15 STR-04 TRSE-00 FEA-01 PA-02

PRS-01 /118 W

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R 282155Z FEB 76 ZDK CITE RUEHCS SVC

FM AMCONSUL ST JOHNS

TO SECSTATE WASHDC 1346

INFO AMEMBASSY OTTAWA

AMEMBASSY TOKYO

AMEMBASSY LONDON

UNCLAS ST JOHNS 0058

E.O. 11652 N/A

TAGS EAIR ECEM EFIN ENRG CA UK JA

SUBJECT COME BY CHANCE REFINERY ORDERED SHUT DOWN

REF STJOHNS 048

1. LOCAL PRESS REPORTS STATE THAT UK'S EXPORT CREDIT GUARANTEES HAS APPOINTED ST. JOHN'S CHARTERED ACCOUNTING FIRM OF CLARKSON GORDON AND CO. AS RECEIVER UNDER FIRST MORTGAGE OF NFLD'S FINANCIALLY-TROUBLED COME BY CHANCE OIL REFINERY AND HAS ORDERED REFINERY SHUT DOWN AND MOTHBALLED SOONEST. PROVINCIAL GOVT SOURCE SAID LAYOFF NOTICES WENT TO WORKERS FEB 27 AND THAT SHUTTING DOWN OF REFINERY BEGAN FEB 28.

2. ECGD ACTION FOLLOWS SERVICE OF NOTICE ON REFINERY ABOUT 2 WEEKS AGO WHICH GAVE REFINING COMPANY 10 DAYS TO SHOW ITSELF SOLVENT OR GO INTO RECEIVERSHIP. NFLD GOVT HAS REPORTEDLY TAKEN SIMILAR ACTION UNDER ITS SECOND UNCLASSIFIED

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MORTGAGE.

3. IT ESTIMATED THAT SHUT-DOWN WILL TAKE FROM 6 TO 8 WEEKS TO ACCOMPLISH AND WILL INVOLVE RE-HIRING APPROX

200 OF APPROX 500 WORKERS LAID OFF. A FEW OF THOSE
RE-HIRED ARE EXPECTED TO BE RETAINED ON PAYROLL FOR CONTIN-
UING MAINTENANCE.

4. COMMENT: ALTHOUGH SKIES OVER COME BY CHANCE ARE BLACK
WITH JOHN SHAHEEN'S CHICKENS COMING HOME TO ROOST, HE AND
HIS SPOKESMEN SEEM TO BE TRYING TO TOUGH IT OUT AT THEIR
NYC HEADQUARTERS. THEY ARE ALTERNATING ON THE ONE HAND
BETWEEN BLAND DISCLAIMERS OF INSOLVENCY, ALONG WITH
REFUSALS TO COMMENT ON SPECIFIC ALLEGATIONS, AND, ON OTHER
HAND, ARE SUING OR THREATENING TO SUE ANY CREDITOR WITH
TEMERITY TO SEEK A LITTLE JUDICIAL PROTECTION FOR THE
MONEY HE PUT OUT ON LOAN. BELIEF AMONG CREDITORS SEEMS TO
BE THAT SHAHEEN'S TACTICS ARE MOVES OF A DESPERATE MAN AND
THAT PUT-UP-OR-SHUT-UP SESSION IN NFLD SUPREME COURT ON
MAR 8 WILL REVEAL EMPTINESS OF BOTH HIS CLAIMS AND HIS
THREATS.

MOORE

UNCLASSIFIED

<< END OF DOCUMENT >>

Message Attributes

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